

SECURITY INFORMATION

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

30 July 1953

DRAFT MEMORANDUM FOR THE DCI

SUBJECT: Possible Major Turning Point in French Policy

1. We believe that France may be heading for a major crisis which could have a grave impact upon US security interests in Europe and/or the Far East. France is greatly over-extended: its Indochina burden prevents it from meeting its NATO commitments; its policy vis-a-vis the USSR is weakened by its fears of a resurgent Germany; its foreign trade position is undermined by its overvalued currency and high costs of production; and its economy is recurrently faced with either inflation or stagnation. The multi-party parliament has been incapable of solving these problems in the face of the political "fatigue" which has prevailed over the past few years.

2. While postwar French governments have shown a surprising ability to limp along under these difficulties, growing popular and parliamentary recognition of France's increasingly critical situation became apparent during the long search for a successor to the Mayer cabinet. Not only did several candidates make a real effort to cope with major issues, but their more forthright programs received unusually strong parliamentary backing. The near investiture of Mendes-France was especially important because he is identified with domestic and foreign policies different from those presently pursued. He has advocated both withdrawal from Indochina and reduction of France's NATO commitments so that France can live within its means. Although the Assembly finally voted instead for Laniel's predominantly rightist cabinet, this resulted more from exhaustion with the long cabinet crisis than from agreement on new policies. Laniel is widely recognized as only a "stop-gap," and he will have a difficult time surviving when parliament reconvenes in the fall.

3. Therefore, late 1953 and early 1954 loom as a critical period in French affairs. It will be a period of heightened political sensitivity, since presidential elections are scheduled for December. Moreover, pressures upon France to come to a decision on German rearmament will probably be intensified, and the Saar question, which France insists must be solved prior to EDC ratification, will be up

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for renewed discussion. Developments in East-West relations, especially over Germany, may also have major influence on French policies. The French might favor creation of a unified and neutralized Germany as an alternative to ratification of the EDC.

4. Above all, recent developments indicate that French determination to maintain their position in Indochina is seriously weakening and that a major shift in France's Indochina policy may take place. The Korean truce will almost certainly stimulate demands in France for a parallel settlement of the Indochina war. At the same time France will probably be unwilling greatly to increase its Indochina effort without substantial US support. In fact, the deteriorating French financial situation and heavy budget deficit are contributing to increased demands to cut back Indochina costs. Finally, the pressure for a decision on EDC ratification, together with French apprehensions over West German resurgence, have made the French acutely aware that their continental position is undermined by the continuing Indochina drain.

5. Therefore, unless prospective plans result in a clearly improved outlook for some solution in Indochina, there is likely to be a serious political reaction in France. While the French probably would not actually pull out of Indochina, we believe that in increasing desperation they would probably sooner or later turn to policies (such as negotiation with the Communists and/or reduction of French forces) which would critically endanger the Western position in Southeast Asia and strain French relations with the US.

6. Because of the growing pressures for decisive action to meet the above problems, we believe that a new cabinet crisis (or series of crises) will occur in late 1953 and/or early 1954. The resulting new government, or governments, will sooner or later feel compelled to take far-reaching action on at least some of these major problems. France might substantially reduce its NATO effort; negotiate on or gradually withdraw from Indochina; insist on a status quo for the Saar; more actively oppose German rearmament; and adopt a generally "softer" policy vis-a-vis the USSR. Thus, a new French government might, as estimated in para. 9 of NIE-63, "pursue policies diverging from those of its NATO allies, including the US."

7. On the other hand, a strong new French regime, especially one which secured greater constitutional powers, might be able over the longer run to do much toward revitalizing France. It might eventually be able to: (a) bring France's means and commitments into balance; (b) improve France's economic position; (c) advance further with European integration; and (d) with greater confidence in its continental position, eventually cease its delaying tactics on German rearmament.